
**Public Employees'
Retirement Board**

This report contains the results of our financial audit of the Public Employees' Retirement Board (PERB) for the fiscal year ended June 30, 2005. We issued an unqualified opinion on the financial statements for the fiscal year ended June 30, 2005. This means the reader can rely on the financial information presented. The financial-compliance audit of the PERB for the two fiscal years ended June 30, 2004, was issued in a separate report (04-08).

Montana Public Employee Retirement Administration (MPERA) personnel prepare PERB financial statements from the Statewide Accounting, Budgeting, and Human Resources System (SABHRS) with adjustment. Adjustments are made to properly present financial activity.

This report contains one recommendation related to the actuarial soundness of three retirement systems. The previous financial-compliance audit report for the two fiscal years ended June 30, 2004, contained four recommendations to the PERB. Two of the four recommendations were not material to the financial statements and will be reviewed during the 2006 financial-compliance audit. The other two recommendations related to seeking legislation to ensure Public Employees' Retirement System - Defined Benefit Retirement Plan (PERS-DBRP), Sheriffs' Retirement System (SRS), and Game Wardens' and Peace Officers' Retirement System (GWPORS) are funded on an actuarially-sound basis and that PERB implement procedures to ensure mutual and fixed fund asset balances recorded on SABHRS reconcile to the external investments, were implemented. Although legislation was sought during the 2005 session, no legislation was passed to correct the funding problem.

The listing below serves as a means of summarizing the recommendations contained in the report, the department's response thereto, and a reference to the supporting comments.

Report Summary

Recommendation #1

We recommend legislation be enacted for funding changes to ensure the PERS-DBRP, SRS, and GWPORS are funded on an actuarially sound basis, as required by the Montana

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